

Satisfying the supplier- Antecedents of supplier satisfaction and the influence of segmentation and status: A multiple case study in cooperation with one buying company and three of its key suppliers

Author: Merle S. Tucholka
University of Twente
P.O. Box 217, 7500AE Enschede
The Netherlands

ABSTRACT

In a competitive environment, excellent suppliers are popular. Buyers need to pursue a proactive supply strategy and try to improve their position towards the supplying company to further reach the position of the preferred customer. Factors that precede this post are customer attractiveness and supplier satisfaction. This paper focuses on supplier satisfaction which is defined as a state where the supplier's expectations are met or exceeded. In more detail, the study focuses on the antecedents of supplier satisfaction and how segmentation and status have an influence on it. Qualitative data were collected in the form of interviews in cooperation with one buying company and three of its key suppliers. The analysis presents relevant antecedents of supplier satisfaction and compares them with findings from scientific literature. Resulting from this is a confirmation of antecedent. Antecedents of supplier satisfaction that appeared in scientific research as well as in the case study can be categorized into two groups: relational/communicational factors and economic elements. Relational/communicational antecedents found are information sharing, early supplier involvement, forecasting/planning, openness, trust and feedback and the establishment of an effective way interaction between buyer and supplier. Economic factors found are profitability and business continuity, growth opportunity and capital- specific supplier development. Furthermore, this project looked at the impacts of segmentation on supplier satisfaction. The outcomes of the study show that segmentation has an influence of supplier satisfaction. Different segments in the Kraljic matrix and the purchasing strategy followed by the buyer have distinct impacts on supplier satisfaction. The supplier reacts on this approach with a certain level of satisfaction which leads to a distinct position of the buyer for the supplier. Additionally, the impact of status on satisfaction was investigated. However, a clear influence of status on supplier satisfaction cannot be made, since the data collected from the suppliers is controversial.

Graduation Committee members:

First supervisor: Frederik Vos TM/S

Second supervisor: Prof. Dr. habil. Holger Schiele

Keywords

Supplier scarcity, preferred customer, preferential treatment, supplier satisfaction, segmentation, status, multi-case study

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9th IBA Bachelor Thesis Conference, July 5th, 2017, Enschede, The Netherlands.

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1. TOWARDS SUPPLIER SATISFACTION: ANTECEDENTS AND THE INFLUENCE OR SEGMENTATION AND STATUS- AN INTRODUCTION

The common assumption about a buyer-supplier relationship among academics and practitioners was that in order to successfully sell a service or product, the seller needs to become attractive to possible buyers (Schiele, Calvi, & Gibbert, 2012, p. 1178). In recent years, there has been a shift of attention from customer satisfaction to supplier satisfaction. This way of thinking is contrary to the classical marketing approach. Two motives are pushing the increase of scientific literature on this topic, namely the substantial transformation in organizations of the supply chain and the scarcity of suppliers in the business-to-business market. In conditions like these, the supplier must choose which customer will be served and to which extent. (Schiele et al., 2012, p. 1181) This research project is leaning onto existing academic research in the field of the “preferred customer status.” The specific topic that will be further investigated is “supplier satisfaction.” A supplier is satisfied when the outcome of the buyer-supplier relationship met or exceeded the expectation of the supplier. (Schiele et al., 2012, p. 1181) The antecedents of supplier satisfaction found in academic literature will be compared to the factors determined in the course of this research. New factors that haven’t been explored may occur and can then be further explored. The research question emerging from the previous section is:

What are the influencing factors of supplier satisfaction?

Further attention will be paid to the topic of segmentation from both the buyer’s and the supplier’s point of view. Supplier segmentation involves the division of suppliers into separate categories that have different needs or behaviors. Each category requires a specific type of inter-firm relationship construction to create value resulting from this exchange. (Day, Magnan, & Moeller, 2010, p. 626). This means that the behavior of a buying firm varies between suppliers of different segments, which suggests that the efforts to satisfy suppliers also differs for these segments. Segmentation can also be looked at from the supplier’s point of view. The goal of customer segmentation is to be able to differentiate marketing activities towards those segments (Jonker, Piersma, & Van den Poel, 2004, p. 159). A distinction between “standard customers,” “a little-preferred customers” and “preferred customers” can be made by a supplier. A satisfied supplier may award its customer with the position of the preferred customer which results in resource-access for the buyer. A sub-question that emerges from this section is:

How does segmentation have an influence on supplier satisfaction?

Another element which can be considered in connection with supplier satisfaction is the status of the buying company. Status is based on both quality measures of the products and social order (Pearce, 2011, p. 6) and can be defined as “the prestige accorded to firms because of the hierarchical positions they occupy in a social structure” (Jensen & Roy, 2008, p. 496). The status of a buying firm may have an impact on the satisfaction of the supplier, since the supplier may benefit from the status of its customer. The question emerging here is:

How does status have an influence on supplier satisfaction?

The contribution of this paper can be categorized into theoretical and practical contribution. With regards to the theoretical contribution, this project explores antecedents in the field of supplier satisfaction and gives a case-example to support the

findings. Furthermore, the antecedents of supplier satisfaction found during the case study will be compared the findings of scientific literature. Furthermore, a recommendation for action will be given to the company involved in this project at the end of the research, which is the practical contribution of this project. This may help to adjust their approach with the different suppliers and improve their exchange-relationship with them.

The following chapters will discuss a variety of topics. To gain an in-depth understanding of the topics of supplier satisfaction, segmentation, and status, findings and theories from scientific literature will be discussed. This will lay the basis for the understanding of the results drawn from the case study. Furthermore, the methodology used for this project will be introduced as well as the participation companies. The text continues with a summary of interview results for the buying firm as well as for the suppliers, followed by a discussion about supplier satisfaction, segmentation, and status. A conclusion is then drawn from all findings and limitations, and suggestions for further research are discussed.

2. THEORETICAL BACKGROUND: BECOMING THE PREFERRED CUSTOMER THROUGH SUPPLIER SATISFACTION AND THE CONCEPT OF SEGMENTATION AND STATUS

2.1 Towards achieving preferential treatment- the cycle of preferred customership and a four-step model

In a competitive environment, suppliers that are known to be exceptional and excellent are popular among potential clients. Purchasers have little choice but to pursue a proactive supply strategy while trying to improve their position towards the supplying company. If this is not done, the challenges of securing supply and supply chain competitiveness may become bigger. (Nollet, Rebolledo, & Popel, 2012, p. 1186). In order to establish a valuable and rewardable relationship with these suppliers, a cycle model has been developed by Schiele et al. (2012) as to be seen in Figure 1. The supplier’s expectations towards its customer lead to the initiation of the exchange relationship and further to customer attractiveness. The customer is seen as attractive if the supplying company “has a positive expectation towards the relationship with this customer.” (Schiele et al., 2012, p. 1180) The supplier needs to be aware of the buyer’s existence as well as of its needs. (Schiele et al., 2012, p. 1180). Furthermore, the supplying company then compares its expectations to the outcome of the relationship. Supplier satisfaction is “a condition that is achieved if the quality of outcomes from a buyer-supplier relationship meets or exceeds the supplier’s expectations” (Schiele et al., 2012, p. 1181). This means that if the relationships fulfill the expectations of the supplier, supplier satisfaction occurs which is the next step in the cycle (Schiele et al., 2012, p. 1181). In the next phase, the supplier compares the performance of its customers which results in either a discontinuation of the relationship, the classification of the customer as a standard customer or as a preferred customer. (Schiele et al., 2012, p. 1180)

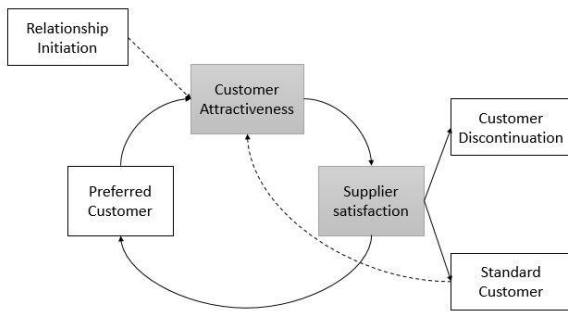


Figure 1- The cycle of preferred customership adapted from (Schiele et al., 2012, p. 1180)

A clear connection between the concepts of customer attractiveness, supplier satisfaction and the role of the preferred customer can be extracted from this model. Pulles et al. (2016) conducted a study which scientifically confirms the connection between customer attractiveness, supplier satisfaction and the position of the preferred customer. The study shows that there is a positive and significant relationship between customer attractiveness and preferential treatment as well as between supplier satisfaction and preferential treatment. Customer attractiveness and supplier satisfaction further have a relation to each other. (Pulles, Schiele, Veldman, & Hüttinger, 2016, p. 8)

In the cycle of preferred customership, the achievement of the position of the preferred customer is seen as the goal that buying companies are striving towards. This position is achieved “[...] if the supplier offers the buyer preferential resource allocation” (Steinle & Schiele, 2008, p. 11). Actions, a supplier may take in this case are the dedication of the finest personnel in a joint product development or the customization of products in accordance with the wishes of the buyer. Another benefit may be that the supplier offers the buyer innovations or the insurance of preferential treatment in case problems arise in the capability of production. This contributes to the competitive advantage the firm has compared to other firms in the market. (Steinle & Schiele, 2008, p. 11).

As seen above, supplier satisfaction is, besides customer attractiveness, an antecedent of the preferred customer position. This paper will further focus on this aspect as well as on the elements of segmentation and status and how these are connected to supplier satisfaction.

2.2 Supplier satisfaction has two types of antecedents: relational/communicational and economical

As described before, supplier satisfaction is an antecedent for the position of the preferred customer. A supplier is satisfied when the outcome of the buyer-supplier relationship met or exceeded the expectation of the supplier (Schiele et al., 2012, p. 1181). Suppliers that are unsatisfied with the relationship with a buyer may be reluctant to dedicate preferential treatment to this buyer (Schiele, Ellis, Eßig, Henke, & Kull, 2015, p. 133).

The scientific literature provides an overview of antecedents that lead to supplier satisfaction. These antecedents can roughly be categorized into two groups, namely economic antecedents and relational/communicational antecedent. A tabular overview of these factors can be seen in appendix 1.

With regards to the relational/communicational antecedents, Wong (2000) suggested that in order to achieve supplier satisfaction, a company is required to develop a co-operative culture with the supplier, needs to commit to satisfying the needs of their supplier and establish an effective way of interaction with the supplier (Wong, 2000, p. 430). Further factors that have an

impact on supplier satisfaction are presented by research conducted by Wipple et al. (2002) which focused on alliance satisfaction and information exchange. The result of the study showed that for both buyer and supplier, “an increase in the amount of operational information exchanged had a significant, positive impact on alliance satisfaction” (Whipple, Frankel, & Daugherty, 2002, p. 75). Similar results have been presented by Nyaga et al. (2010). Their research has shown that in order to achieve supplier satisfaction, management should focus on sharing information with their supplier and participate in joint efforts (Nyaga, Whipple, & Lynch, 2010, p. 111). Another description of supplier satisfaction is “implementing the supply chain smoothly, without any adverse consequences” (Maunu, 2003, p. 106). This author names agreement, early supplier involvement, forecasting/planning, roles and responsibilities, openness and trust, feedback and company values as antecedents for supplier satisfaction (Maunu, 2003, p. 106). Furthermore, from a research conducted in 2014, the antecedents reliability and relational behavior are also identified as important for satisfying suppliers (Hüttinger, Schiele, & Schröder, 2014, p. 711). The antecedent “reliability” is connected to the behavior of the buying firm. If the company acts in a consistent and reliable manner and fulfill its agreements, the buying firm shows reliability. Relational behavior involved the relational actions of the buying firm towards the supplier. Essential factors are facets like flexibility, solidarity, and mutuality (Hüttinger et al., 2014, p. 703).

Looking at economic antecedents, two factors were found by Maunu (2003). The author names the factor of profitability and business continuity as influential towards supplier satisfaction (Maunu, 2003, p. 106). Furthermore, Essing and Amann (2009) described supplier satisfaction as “a supplier’s feeling of fairness with regard to buyer’s incentives and supplier’s contributions within an industrial buyer–seller relationship as relates to the supplier’s need fulfillment, such as the possibility of increased earnings or the realization of cross-selling.” (Essig & Amann, 2009, p. 104). Furthermore, Ghijsen et al. (2010) found that capital-specific supplier development was found to encourage supplier satisfaction (Ghijsen, Semeijn, & Ernstson, 2010, p. 22). Hüttinger et al. (2014) shows that growth opportunity also belongs in this category (Hüttinger et al., 2014, p. 711). Growth opportunity is defined as the ability of the supplier to be able to grow jointly with the buying company. New, potential opportunities to conduct business may occur through this relationship (Hüttinger et al., 2014, p. 703).

These relational/communicational and economic factors described above are a starting point to formulating a strategy to achieve supplier satisfaction and further gain preferential treatment from the supplier. The accomplishment of this goal requires efforts from the buying firm. However, not all suppliers are worth the efforts that it costs to gain a satisfactory exchange-relationship with them. In the following text, segmentation of suppliers is introduced which helps buying companies to choose suppliers they want to build a relationship with that is satisfactory and leads to preferential treatment.

2.3 Segmentation: view of the buyer-Kraljic matrix

Supplier segmentation can be defined as a process which involves the division of suppliers into separate categories with different needs or behaviors. Each category requires a specific type of inter-firm relationship construction to create value resulting from this exchange. (Day et al., 2010, p. 626). Buyers of a company have to work with many different suppliers and their products. In order for a company to stay competitive in the

market, management must change its perspective from purchasing as an operating function towards making it a strategic function (Kraljic, 1983, p. 110). In order for tactical decision-making to support resource allocation, portfolio models have been designed (Olsen & Ellram, 1997, p. 101). Kraljic (1983) has been described as the initiator for this stream of research (Sousa et al., 2012, p. 1) and the method can be used to detect suppliers, groups of products or relationships that require greater attention than others (Olsen & Ellram, 1997, p. 103). The further text describes this portfolio method in more detail and the strategic approaches that emerge from it.

Kraljic (1983) developed a two-by-two matrix that shows a company's need for a supply strategy. Two factors are important which are placed on the X- and Y-axis of the matrix. One axis is labeled as "strategic importance" of the product or service, the other axis is labeled as "complexity of the supply market." The strategic importance of a firm is an umbrella term for, amongst others, the impact of the product on the profitability of the company and the value added by the product line. Complexity incorporates factors such as market structures (monopolistic or oligopolistic conditions), supply scarcity, entry barriers, logistics cost, etc. The management of a firm can assess a supplier with these two dimensions and develop a supply strategy that reduces risk to an acceptable minimum and further exploits the purchasing power of the company. (Kraljic, 1983, p. 110) Both of these factors can either be high or low and therefore, four quadrants appear in the matrix as to be seen in Figure 2.

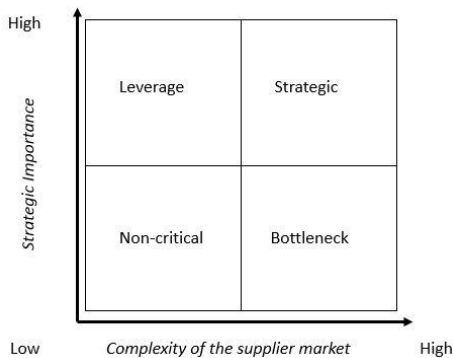


Figure 2- Kraljic matrix

The "non-critical" category contains products or services that are of low strategic importance and for which the complexity of the supplier market is also low. They are usually of low value per unit and many alternative suppliers are in the market. (Kraljic, 1983, p. 110) A rule of thumb says that non-critical items require 80 % of the time of the purchasing department while they often represent less than 20% of the turnover of that department (Caniels & Gelderman, 2005, p. 146). These items can be managed easily and a company purchasing these items should strive for standardization and consolidation. (Olsen & Ellram, 1997, p. 105).

In the leverage category are purchases that are easy to manage but are of high strategic importance. There is a high impact on the profits of the buying firms, but a low supply risk. (Kraljic, 1983, p. 110) The management of the buying company should identify the particular value added by the supplied good (Olsen & Ellram, 1997, p. 105). Products are easy to substitute since suppliers are exchangeable. (Caniels & Gelderman, 2005, p. 145)

Bottleneck items include procurements that are of low strategic importance but the complexity of the market is high which makes them hard to manage. To more efficiently manage those items, the buying company should try to substitute them if possible or try to standardize the product. (Kraljic, 1983, p. 110) A

commonly recommended purchasing strategy is for the buying company to accept the dependence on the supplier and try to decrease the negative properties of this position (Caniels & Gelderman, 2005, p. 145)

Finally, strategic items are of high strategic importance and the supplier market is highly complex which makes them difficult to manage (Olsen & Ellram, 1997, p. 105). The product is of great value to the purchasing organization and it has a large impact on profits and is of high supply risk. It is seen rather often that the strategic product can only be sourced from one supplier which causes a major supply risk (Caniels & Gelderman, 2005, p. 144). This category is described to be the most relevant one since the items should account for a big share of the spending of a company as well as its competitive advantage (Sousa et al., 2012, p. 9). Purchasing companies are advised to establish a close relationship with the supplier that offers this good. The focus should lay on early supplier involvement and joint development of products and services. From the view of the buying company, the supplier should be a natural extension of the firm (Olsen & Ellram, 1997, p. 105).

From this elaboration, an assumption can further be made. The location in the matrix will determine what kind of efforts the buying firm should set towards the development of the relationship with the supplier to reach supplier satisfaction and further gain the position of the preferred customer. Segmentation tools are not just helpful for the buyer, but the supplier may also use a method to differentiate between its buyers.

2.4 Segmentation: view of the supplier-different levels of preference

The other perspective from which segmentation needs to be viewed is customer segmentation. Suppliers categorize their customers in order to differentiate marketing activities towards those segments. For this to be functional, the segments must be identifiable and tangible. (Jonker et al., 2004, p. 159) Several segmentation methods are available which result into the classification of customers into different groups. Not all customers can be treated equally since different customers represent dissimilar costs and profits. (Kolarovszki, Tengler, & Majerčáková, 2016, p. 123)

A commonly used method to segment customers is the ABC analysis. This method is used to group customers into A, B, and C categories in accordance with their revenue or contribution. (Bruhn, Georgi, & Hadwich, 2008, p. 1295)

Another framework existing helps to segment and further classify customers is the pyramid of preferred customership. To categorize the stage at which the buyer interacts with the supplier, three categories can be differentiated along with the benefits the customers in these categories obtain, as to be seen in Figure 3.

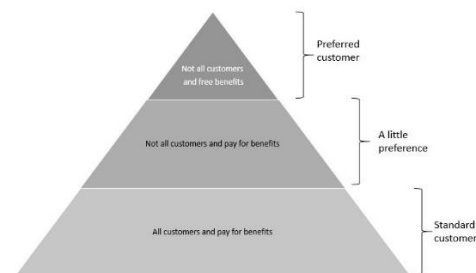


Figure 3- pyramid of preferred customership

In the first category and lowest section of the pyramid are the standard customers who all receive the same benefits and

features for payment. Secondly, there are customers that have “a little preference.” These customers receive benefits from their suppliers that are not offered to all customers, but they have to pay for them. Thirdly, the highest layer of the pyramid is the category of the preference. Here, the customer gets special advantages, without being charged from their supplier (n.a. 2017).

The segmentation of customers is important for the strategic sales planning of a company and customers from different categories are treated differently (Kolarovszki et al., 2016, p. 123). Furthermore, the category a customer is assigned to is connected to the level of satisfaction of the supplier with the customer. The more satisfied the supplier is with the customer, the better the position of the customer in the segmentation tool. With regards to the preferred customer pyramid, the more satisfied the supplier is with the customer, the higher the position of the buying company in the pyramid. This will further lead to achieving the position of the preferred customer and getting access to beneficial treatment a customer does not have to pay for.

2.5 Status is the prestige accorded to a firm and has three functions: it is a signal, an intangible asset, and a mobile resource

The status of an organization can be defined as “the prestige accorded to firms because of the hierarchical positions they occupy in a social structure” (Jensen & Roy, 2008, p. 496). Another definition is that status is an accepted ranking or ordering in a social system. Individuals, organizations or groups may be ranked in this context (Washington & Zajac, 2005, p. 284). Organizational status is said to be a critical concept for the understanding of markets and organizations (Sauder, Lynn, & Podolny, 2012, p. 268). Status is based on both quality measures of the products as well as on social order (Pearce, 2011, p. 6).

There are three dimensions in which the functions of status can be described, namely: signal, intangible asset or mobile resource (Piazza & Castellucci, 2014, p. 301). With status as a signal, the author means the signal for, for example, quality. This method is used by organizations that want to compensate for uncertainty, which can arise from various sources. The costs for collecting information may be too high for the firm to pursue, or the quality of a product may have a high variance. To avoid this uncertainty, a company then turns to the status of an organization. (Piazza & Castellucci, 2014, p. 302). Secondly, status can be an intangible asset for an organization or individual. This can emerge from the characteristics and abilities of a person or organization and can have various positive rewards. (Piazza & Castellucci, 2014, p. 303) The third dimension is status as a mobile resource. This is connected to the transferability of status from one actor to another. Status can flow through social relationships acting in the form of a channel. For one company to be affiliated to another with high-status improvements a company’s position in the hierarchy of status. The company with the low status receives an advantage from the cooperating with the company with a high status. (Piazza & Castellucci, 2014, p. 304)

To summarize the last section, status has three dimensions on which its functions can be described. Status can be a signal, it can be an intangible asset for a company, and it can be a mobile resource. Connecting these factors to supplier satisfaction, a buying firm with a high status is in an advantageous position. Because of its high status, the company is perceived to produce high-quality products or services. The supplier avoids uncertainty when working with a high-status firm which can lead to the satisfaction of this supplier. Furthermore, if the buying company has a high status, this status can be transferrable to the supplier, resulting in supplier satisfaction as well. A satisfied

supplier then may further award the high-status with preferential treatment.

3. METHODOLOGY: RESEARCH DESIGN AND DATA COLLECTION

3.1 Research design and methodological approach: Data collection through literature review and the use of interviews to gather qualitative data

The content of this research project is based on both academic literature and data collected during the interview with one purchasing company and three of its suppliers. To gather theoretical information, scientific articles and books will be reviewed. These will lay the foundation of knowledge on the basis of which the paper is built. The explanatory case study is built on interviews with a purchaser and an interview with suppliers that was developed by students that did research on a similar topic in previous years. The questionnaires were altered to fit the topic of supplier satisfaction and questions to the personal details of the interviewee, and the topic of status was added on an individual basis.

Qualitative data rather than quantitative data was collected in the scope of this project. The research method of interviews was chosen because the interviewer can investigate the story behind an interviewee’s experience with this tool. Since interviews are interactive, the interviewer also has the ability to receive clear and complete answers which can further widen the understanding of the topic investigated. Interviews are also a more natural and less structured form of data collection than, for example, surveys.(Alshenqeeti, 2014, p. 40)

In order to provide an analysis of the relationships between Company X and its suppliers, one interview with a purchaser (P1) was held as well as three interviews with one representative of each supplier. All interviews supplier were held separately and without the attendance of the opponent. The structure of the interviews can be seen in table 1.

Case	Interviewed supplier	Interviewed Persons
1	Supplier 1 (S1)	P1; S1
2	Supplier 2 (S2)	P1; S2
3	Supplier 3 (S3)	P1; S3

Table 1- Structure of the case interviews

4. ANALYSIS AND RESULTS: A SUMMARY OF INTERVIEW WITH COMPANY X AND THREE KEY SUPPLIERS

4.1 A summary of outcomes from the interview with Company X

4.1.1 An interview with the group leader of commercial purchasing, choice of suppliers and staff rotation

This interview from the perspective of the purchasing company was conducted with the group leader of the commercial purchasing department of Company X.

The three suppliers participating in this case study were chosen to be suppliers for projects within Company X based on the intense relationships they build in the past. Additionally, all suppliers have one key account manager that is responsible for all of Company X's facilities, and they show a high willingness for short notice meetings

Within Company X, the purchasers change their material groups over time which means that each buyer is responsible for one supplier for around five years. Afterward, responsibilities for supplying companies get rotated.

4.1.2 Factors of satisfaction: training for suppliers and early payment of products

The purchaser of Company X views the treatment of the three suppliers as being equal, meaning that Company X does not put more efforts towards one than towards another supplier.

There are a few measures that Company X is taking that may lead to supplier satisfaction. Development programs and supplier improvement trainings are amongst those measures. During the development programs, experts of Company X analyze the business practices of the suppliers and try to optimize them. The benefits achieved through the implemented improvements are then distributed equally between Company X and the supplier. In case the supplying company can use the same techniques in connection with other customers, gained benefits don't have to be shared. The implementation of the learned techniques leads to satisfaction both for the supplier as well as for Company X. Furthermore, if one supplier has difficulties with, for example, financial matters, the buying company is willing to pay immediately instead of after thirty days. This practice helps the supplier by reducing financial stress and may increase their satisfaction with Company X.

4.1.3 Hurdles to supplier satisfaction: the auction/bidding system and frequent staff rotation

There also are factors that the purchaser perceives to decrease the supplier's satisfaction. Company X uses a bidding or auction method to negotiate prices with their suppliers that put the company into an advantageous position. The purchaser thinks that not every supplying company is pleased with this type of negotiation and that satisfaction might be decreased. Another factor that the purchaser sees as irritating for the supplier is the rotation of purchasing staff. Company X hires graduates from universities and educates them in the field of purchasing. After this education, a large amount of this staff decides to further pursue a career in the automotive industry and leaves due to higher salary options. The suppliers of Company X then have to conduct business with another person that fills this position.

4.1.4 Company X's segmentation pyramid and the classification of the suppliers as preferred suppliers providing strategic items

Company classifies their suppliers with the use of a segmentation tool in shape of a pyramid, as shown in Figure 4.

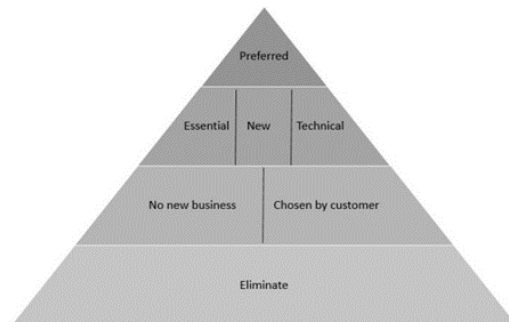


Figure 4- Company X's segmentation pyramid

In the highest layer of the pyramid are the preferred suppliers. In order to achieve the position of the preferred supplier, all documents have to be signed, including the corporate agreements and quality assessments. In the second layer of the pyramid are the essential suppliers, technical suppliers, and new suppliers. Essential suppliers are perceived to be the preferred suppliers in the future, and they have two years to achieve this position. Technical suppliers, in comparison to essential suppliers, will most likely not reach the position of the preferred supplier in the future. Those companies are monopolists in their market and purchasing from them should rather be avoided due to the high prices asked. New suppliers are also on the second layer of the pyramid. These companies have the chance to become essential and preferred suppliers in the future. The third layer of the pyramid holds "no new business" suppliers and "customer chosen suppliers." In the "no new business" category are suppliers that have a rather low score in the VDA audit, and the quality is not satisfactory for Company X. Another group of vendors is in the segment of "customer chosen suppliers." Here, the customer of Company X is dictating the supplier from which Company X is purchasing products. The last layer in the pyramid contains the suppliers that are to be eliminated immediately. In this segment are companies that pose a financial risk, the quality of the products might be low, and a lack of willingness to improve.

Company X gives S1, S2 and S3 the position of the preferred supplier in the highest layer of the pyramid.

With regards to the Kraljic matrix, the purchaser sees the suppliers (S1,S2,S3) all in the "strategic" quadrant. The products those suppliers are providing are of high strategic importance, and the complexity of the market is also rather high. However, Company X usually wants to have more than one supplier for one product to decrease supply risk.

4.1.5 Company X sees itself as a preferred customer for the three key suppliers

The other side of segmentation is the view of the supplier towards its customers. There has not been an exchange between Company X and the suppliers about the segment Company X is assigned to. However, the purchaser believes that the suppliers must use some segmentation of their customers. Such a segmentation may be based on the financial health of Company X and its market share. Furthermore, segmentation might be based on turnover and future business, as well as the opportunity to grow with the customer.

With regards to the pyramid of preferred customership, the purchaser (P1) sees Company X as a preferred customer for all three suppliers. With this position, the company can receive benefits that not all customers of the suppliers can access.

4.1.6 Benefits of the preferred customer position: key account managers and engineering efforts

As perceived by the buyer (P1), Company X is a big customer to the three suppliers (S1,S2,S3), which makes the companies put a key account on Company X. One key account manager is responsible for all tasks connected to Company X. In the case of difficulties occurring with e.g. lead time, there is an intensive exchange with the key account manager which then further arranges the supply in a manner that is satisfactory to Company X. Furthermore, personnel of the supplier is willing to visit the facilities when needed. This is true for business meetings, but also for other research projects which are rather disconnected from the day to day business.

Another benefit that Company X receives without charge is the engineering efforts of the suppliers. When new projects are in development, the suppliers start taking action in the field of research, and these engineering efforts are offered for free.

It's hard to say for the purchaser (P1) whether the benefits they receive are based on the relationship between the Company X and the supplier, Company X's status or the turnover the supplying companies can make through the business relationship.

4.2 Case 1: Company X- Supplier 1

4.2.1 Interview with the key account manager of Supplier 1

This interview was conducted with a key account manager of Supplier 1. The primary business with Company X started in 2000 and the key account manager is mostly in contact with the same contact person within Company X.

4.2.2 Supplier satisfaction through turnover, clear rules and statements, open discussions, a good relationship and improvement trainings

The key account manager of Supplier 1 states that he is satisfied with the business relationship with Company X. Supplier satisfaction involves multiple factors for the interviewee. One of the main factors is the big turnover at the end of the year occurring from the business relationship with Company X. In the daily business, the communication of clear rules, open discussions, and clear statements are essential. Additionally, a good relationship between the supplier and the purchaser is also of importance.

For Supplier 1 to improve their business practices, Company X offered and conducted a development training to improve production and quality. These are offered to the supplier free of charge, and they help the supplier to evolve which Supplier 1 perceives as a practice that Company X uses to increase satisfaction. The gained knowledge of these workshops can also be applied to the day-to-day business with other customers which puts Supplier 1 in a better position than they were before, especially when the improvements lead to a cost reduction of products.

4.2.3 Hurdles to satisfaction: the prize negotiation method of Company X, Company X's high-quality standard, large amounts of paperwork required and the use of a specific purchasing software

There are also factors that are a hindering higher satisfaction of Supplier 1. One factor is the awarding system Company X uses to define the price of a product. According to the supplier, this method of achieving the lowest price possible emerged from the car industry where large quantities of products are traded. The

heating industry does not involve such large quantities, and the awarding system is therefore inappropriate. The quality and the service also does not play a major role in the negotiation which the supplier sees as unsuitable. Furthermore, Company X has special requests towards the quality of products of Supplier 1. These requests are much higher than the European standard, and the supplier's satisfaction can be increased by the acceptance of Company X of this European standard. Another factor that causes dissatisfaction is the amount of paperwork that is produced by certain business practices. An example for this is the initial sample inspection report. There are no clear rules stated in connection with this document and Supplier 1 is working together with Company X on an improvement of the situation for five years already, without solving the problem. Additionally, Supplier 1 has to work with a specific purchasing software. The company must pay for using the system, and it enlarges their workload in the area of logistics. According to the supplier, there are better methods that can be used that are also free of charge. Since Company X requires Supplier 1 to work with the software, a reduction of satisfaction is the result, especially in the logistics department of Supplier 1. At the moment, additional labor is required to be able to operate the system which results in increased personnel costs.

4.2.4 Company X is a preferred customer to Supplier 1 and the suppliers products are strategic items

When segmenting their customers, Supplier 1 uses a turnover matrix. For Supplier 1, Company X is defined as "being the number one customer." In connection to this, the supplier gives the position of the preferred customer to Company X which indicates that Supplier 1 positions Company X at the top of the pyramid of preferred customership. Benefits are given to Company X that not all customers receive.

Looking at the Kraljic matrix, the key account manager of Supplier 1 views the products provided to Company X as high in strategic importance. The complexity of the market is also perceived as rather high. Incoherence to this, the supplier placed Supplier 1 in the strategic quadrant of the Kraljic matrix.

4.2.5 Benefits of the preferred customer position: Supplier 1 shares knowledge with Company X, assures safety, offers tailored services and the suppliers plants are nearby

There are a few benefits that Supplier 1 is offering Company X that not all of their customers will get. The interviewee describes Supplier 1 as being the market leader in the production of their specific product. The knowledge and know-how they have are shared with Company X to produce high-quality products. The products are produced in-house, which guarantees the safety and quality of the product. Another benefit is the service that is offered to Company X. An example named by the supplier is the case of the "Company X office." A situation occurred where technical and quality issues were present. In reaction to these problems, a specialized office was set up by Supplier 1 with the participation of several departments, such as R&D and quality management. Another benefit that Company X is receiving from Supplier 1 is the proximity of plants. Supplier 1 has production plants all over the world. The supplier mentions that wherever there is a plant owned by Company X, most likely there is also a subsidiary of Supplier 1.

4.2.6 Company X has a high status that has a positive impact on Supplier 1 and further leads to the supplier's satisfaction

When freely talking about Company X, the supplier described the company as being tough, since the quality requirements are high and above the European standard. Company X is further described as being the market leader in their field of business, and the supplier has the notion that companies are usually happy to have a business relationship with Company X. Generally, the vendor perceives the status of Company X as being high. Furthermore, the supplier indicates that high status of Company X has a positive effect on Supplier 1 and that this status also has a positive effect on the supplier's satisfaction.

4.3 Case 2: Company X- Supplier 2

4.3.1 Interview with the account leader of Supplier 2

The interview for this case study was conducted with the account leader of Supplier 2. He is responsible for all sites of Company X sides and he is the contact person for Company X for sales, quality management, logistics, etc. The exchange relationship between Company X and Supplier 2 has been active for over 30 years.

4.3.2 Supplier satisfaction through good planning, feedback, communication, and cooperation

The satisfaction of Supplier 2 is closely related to good forecast and production planning, fast feedback on both sides, sharing of business expectations and clear communication. In these points, Company X has been successful with regards to the relationship. The interviewee sees the company as an example for other customers. Furthermore, the supplier states that Company X is a company he likes to work with and that he is satisfied with the business relationship. He would like to see in which areas of business the two companies can be able to grow together.

To achieve supplier satisfaction in the future, some measures have to be taken. Sharing strategic plans and ideas for cooperation is one of these factors, including honesty about the scope project. Supplier 2 can deliver components, but also systems. Company X needs to be clear about what they want to build in-house and which product they want to source from the supplier and how much business they are willing to give to Supplier 2. The vendor states that Company X is already acting on some of these factors. However, he would like these practices to be continued in the future.

4.3.3 Hurdles to satisfaction: strategic changes within Company X causing Supplier 2 to lose business

An important factor that has an influence on the satisfaction of the supplier is the success of projects. The supplier states that an increase in dissatisfaction would occur if the strategic projects that are in the process of realization will not materialize. Dissatisfaction would happen in particular when projects fail due to strategic changes within Company X since this would have big financial impacts.

4.3.4 Supplier 2 sees Company X as a preferred customer and is providing strategic products

Supplier 2 uses a cluster to differentiate between their customers which is based on the components and systems they are purchasing, as well as on the whether the customer is a price-buyer or a system- buyer. With regards to the pyramid of preferred customership, Supplier 2 segments Company X in the

category of a preferred customer. Supplier 2's motivation to do so is based on a few factors. Company X is seen as reliable, stable, quality driven and being the market leader.

With regards to the Kralijc matrix, the account manager perceives the strategic value of the supplied products as being high, as well as the complexity of the market. Therefore, he places Company X in the strategic quadrant of the Kralijc matrix.

4.3.5 Benefits of Company X's preferred position are investigation reports for return, documentations, certifications, and sharing of intellectual property

Supplier 2 states that benefits are not specifically defined for a preferred customer. However, Supplier 2 is performing high-quality investigations in the form of the "investigation reports for returns," as well as documentations and certifications for Company X. The supplier states that the offering of services is mandatory for them. However, he describes that there is a shift in the market. In the past, the company was able to provide almost all services for free, whereas nowadays this is not possible anymore. Furthermore, Supplier 2 is sharing intellectual property with Company X to solve technical hurdles.

4.3.6 Company X is a high-status company, but this doesn't influence the supplier's satisfaction

Generally speaking, the supplier thinks that Company X has a high status. He perceives the company as being admired and highly regarded by others. The high status of the Company X is seen as helpful since the good brand name is a factor that assists Supplier 2 to position themselves in the market. However, the high status of Company X is not perceived to impact positively on the satisfaction of the supplier.

4.4 Case 3: Company X- Supplier 3

4.4.1 Interview with a key account manager

For the case study with Supplier 3, a key account manager was interviewed. His field of tasks include sales and the coordination of development projects. The exchange relationship between the two companies has existed for over 20 years.

4.4.2 Supplier satisfaction through sales volume, cooperation and partnership, information- and intention sharing and early supplier integration

In general, the representative of Supplier 3 states that he is satisfied with the business relationship with Company X. Important elements that lead to this satisfaction include sales volume, the cooperation and partnership established between the two companies, and regular contact with the organization such as in project meetings as well as receiving ratings. In connection to this stands information sharing which includes the sharing of market information and the exchange of strategic approaches Company X intends to pursue in the future.

The supplier indicates that he could be even more satisfied with the exchange relationship than he is at the moment. Earlier involvement in future developments is seen as an element to increase satisfaction. The earlier the supplier is involved in these projects, the better the solutions that are offered to Company X in the end. Future steps to be taken towards the satisfaction also include open communication and an open partnership between the two companies.

4.4.3 Hurdles to satisfaction: the treatment of one product as a commodity and the price negotiation method of Company X

There are a few factors that are causing the supplier to develop dissatisfaction. One of the products that the company is selling to the Company X is categorized in the non-critical products and treated as a commodity with the use of auctioning methods to acquire this product. Decreased satisfaction is the result since Supplier 3 views their product as a very technical product that requires a lot of know-how. In connection to this, the bidding process of Company X is also decreasing the satisfaction of the supplier.

4.4.4 Supplier 3 sees Company X as an “A-customer,” a preferred customer and provides a non-critical product and a strategic product

Supplier 3 is clustering their customers according to the ABC-matrix. The main factors that are important here are profitability, sales, and volume. In this matrix, Company X is an A-customer and the supplier states that an A-customer receives a lot more internal support from the supplier than customers from other categories. This support comes from the engineering department as well as from the quality department and project management of the vendor. This would not be happening for customers that are segmented as B or C- customers since these kinds of services are labor and resource intensive.

With regards to the pyramid of preferred customership, Supplier 3 sees Company X as a preferred customer at the highest point of the pyramid. The supplier states that the factors of motivation behind giving Company X the position of the preferred customer are the partnership and cooperation that has been established between the two companies over the years and the long-term contracts that are in place. In addition to that, sales levels and volumes also play a significant role. The position of the preferred customer was earned by Company X through the early involvement of Supplier 3.

Looking at the Kraljic matrix, one must distinguish between the two products that Supplier 3 is supplying to Company X. The first product has a low strategic importance to Company X as well as a low market complexity, which makes it non-critical products. The second product on the other hand, is perceived to have a high strategic importance as well as high market complexity. Here, the right product category is the strategic items.

4.4.5 R&D efforts, warranty agreements, and service guarantees are benefits Supplier 3 gives Company X

There are a few benefits that Supplier 3 gives Company X. When there is a new development project, the supplier starts the research and development project with the use of company resources which is free of charge. Another benefit that is offered to Company X is the warranty agreement of 66 months on one of the products. A service guarantee is also given, meaning that when the product is no longer produced, Supplier 3 ensures after-service of supplies for 15 years.

4.4.6 Company X is perceived to have a high status that has a positive impact on the supplier's satisfaction

The supplier states that the status of a company has to do with the how well known the company is in the market and its brand name. The reliability and the service level to the customer also play a significant role in achieving a high status as a company.

Overall the supplier sees Company X as a company with a high status. He thinks that Company X is admired by others and has high prestige. The high status is also perceived to have a positive effect on the status of Supplier 3, meaning that a high-status customer leads to the increase in status for the supplier which further leads to the satisfaction of the supplier.

5. DISCUSSION AND FINDINGS: ANTECEDENTS OF SUPPLIER SATISFACTION AND THE IMPACT OF SEGMENTATION AND STATUS

5.1 Supplier satisfaction: a comparison between answers of Company X and the suppliers, a categorization of antecedents and the comparison to literature

5.1.1 Antecedents named by the suppliers and Company X's perception- A comparison

To recap, a supplier is satisfied when the outcome of the buyer-supplier relationship met or exceeded the expectation of the supplier (Schiele et al., 2012, p. 1181). In the course of the project, a buyer of Company X and key account managers of the three suppliers (S1,S2,S3) indicated which factors are necessary for the supplier's expectations to be met and further lead to supplier satisfaction. Furthermore, factors were identified that decrease the satisfaction of the supplier. It can be argued that the opposite behavior would therefore cause an increase of the satisfaction of the supplier.

The previous chapter summarized the antecedents of supplier satisfaction named by the three suppliers and Company X. A comparison between what Company X perceives to be satisfactory and the named factors of the suppliers can now be made. Company X perceives development programs and supplier improvement trainings as influential factors of satisfaction. Supplier 1 received a training from Company X to improve quality and business processes, and their satisfaction has increased. Therefore, the assumption of Company X is correct. The bidding/ auction system Company X is using is perceived to be an element that decreases satisfaction of the supplier. Supplier 1 and Supplier 3 both confirm this assumption. To satisfy these two suppliers more, Company X needs to change the price negotiation procedure. The other factors, namely early payment of suppliers in a crisis and frequent rotation of purchasing staff were not mentioned by the three suppliers and are therefore not considered to be influential on supplier satisfaction. However, there are many factors that are influencing supplier satisfaction which were not named by Company X, but by the three suppliers. The following paragraph will give a detailed description of all antecedents found in this case study.

5.1.2 Categorizing the found antecedents of supplier satisfaction into two categories: communicational/relational- and economic factors

As done in the analysis of scientific literature in an earlier chapter, all components found during the data collection can be categorized into two groups, namely relational/communicational factors and economic elements. An extensive overview can be found the appendix 2.

Relational/ communicational factors found during the data collection with Company X are the consistency of purchasing staff and a willingness to pay early. Looking at the data of the three suppliers, Supplier 1 named good communication with clear rules and statements and open discussions as

communicational factors to satisfaction. Supplier 2 views similar elements as important, namely the sharing of business expectations and clear communication. Data collected from Supplier 3 show comparable components of satisfaction, namely cooperation and partnership and open communication and partnership. Furthermore, Supplier 2 names relational and communicational factors for satisfaction to be fast feedback on both sides, sharing of strategic plans and ideas for cooperation, honesty about the scope of the project and early supplier involvement. Supplier 3 adds that the elements of regular contact, information sharing, communication of strategic approaches and the appreciation of products also play a crucial role for supplier satisfaction.

When looking at economic factors, Company X, Supplier 1, and Supplier 3 all state that a fair negotiation method is a key to supplier satisfaction. Supplier 1 and Company X also perceive the training offered to its suppliers as satisfactory, and all three suppliers agree on the fact that turnover and sales volume are essential to satisfaction. For Supplier 1, the efficient administration of paperwork, the alignment of the quality standard to EU standards and the optimization of the purchasing software use are vital for the company's satisfaction with Company X. Supplier 2 further names the growth potential of their business in connection with Company X as a significant factor.

After categorizing the antecedents, a comparison to the findings from scientific literature can be made.

5.1.3 Comparing case-study results to scientific literature findings

Again, a distinction between relational/communicational and economic factors of supplier satisfaction is made.

There are several relational/communicational factors for supplier satisfaction that occur in scientific literature as well as in the study. Wong (2000) described that in order to satisfy the supplier, a company must establish an effective way of interaction with the supplier (Wong, 2000, p. 430). Since this is a rather broad antecedent, a few factors found in the study can be associated to this antecedent. Company X claimed that in order to satisfy their customers, consistency in their staff is needed. Furthermore, Supplier 1 stated that good communication with clear rules and statements and open discussions are necessary for supplier satisfaction which also related to having efficient interactions. In addition to this, Supplier 2 describes that clear communication is key to a satisfactory relationship and Supplier 3 finds cooperation and partnership as well as regular contact with the customer satisfactory. Another Antecedent found in literature is early information sharing (Maunu, 2003, p. 106; Nyaga et al., 2010, p. 111). Supplier 3 stated in the interviews that information sharing is essential for their contentment which creates a match between scientific literature and the field study. Furthermore, early involvement of the supplier is also said to be an essential element of supplier satisfaction (Maunu, 2003, p. 106). The data collected from Supplier 3 agrees with this. The earlier the supplier is involved in processes of the customer, the better and the higher the satisfaction of the supplier. Maunu (2003) further names forecasting/planning, openness and trust and feedback as antecedents for supplier satisfaction (Maunu, 2003, p. 106). All these elements also occur from in the case-study as well. For Supplier 2, good forecast and production planning are important. The antecedent "openness and trust" is also rather broad which leads to a possible match of a few elements found. Supplier 2 describes that sharing of business expectations, the sharing of strategic plans and ideas for cooperation and honesty about the scope of the project as crucial which can be related to "openness"

of the customer. Additionally, Supplier 3 states that the communication of strategic approaches and open communication and partnership have a positive effect on satisfaction. The antecedent "feedback" is also found in scientific literature, which matches with the data collected from Supplier 2. The supplier states in connection to this that the fast exchange of feedback is satisfactory. Another antecedent found in scientific literature is relational behavior (Hüttinger et al., 2014, p. 711). Related to this is Company X's willingness to pay early as a favor to the supplier. Due to the relationship established between the two companies, Company X agrees to help suppliers with financial issues.

An antecedent that has not been found in scientific literature is the factor of appreciation. Supplier 3 states that their satisfaction would rise if Company X would be more appreciative of the product the supplier is offering since it takes a lot of technical know-how to build it.

With regards to economic antecedents, there are factors that occur both in scientific literature as well as in the data collected from the study. Antecedents found by Maunu (2003) are profitability and business continuity (Maunu, 2003, p. 106). All three suppliers mention that the turnover resulting from the exchange relationship and sales volume has an influence on their satisfaction. Incoherence to "business continuity" is the statement of Supplier 3. The amount of business the company gets with Company X in the present and the future is essential to the supplier's satisfaction. Another economic factor to increase satisfaction of the supplier is the use of a price negotiation tactic that is perceived as fair by the suppliers. Company X, Supplier 1, and Supplier 3 agree that this antecedent would positively impact the happiness of the supplier. There is no matching antecedent found in scientific literature. However, a connection to the factor of profitability can be seen. The opportunity to grow with the customer is another economic antecedent for supplier satisfaction found by Hüttinger et al. (2014) (Hüttinger et al., 2014, p. 711). This antecedent is also found in the data collected in this field study. Supplier 2 mentions that growth opportunity is an essential element to their satisfaction. Furthermore, capital-specific supplier development encourages supplier satisfaction (Ghijzen et al., 2010, p. 22). Company X is offering development trainings to their suppliers to improve business practices and quality and perceives this factor to have a positive influence on supplier satisfaction. Supplier 1 confirms this antecedent since this supplier went through a training program offered by Company X and business processes and quality of the supplier were improved as well as their satisfaction with Company X.

Other economic factors found in the data collected from the study are can be seen as case specific. Supplier 1 states that efficient administration of paperwork, the alignment of quality standard to EU standards and the optimization of the purchasing software-use would increase their happiness with the business relationship. For these elements, no match can be found in scientific research.

5.2 Segmentation viewed from the customers and suppliers view and its impact on satisfaction

5.2.1 Supplier segmentation: The three suppliers provide strategic items and are preferred suppliers to Company X

As mentioned in an earlier chapter, a method to segment suppliers is the use of the Kraljic matrix. Looking at the data gathered in the course of this study it can be seen that Company X assigns high strategic importance and the high supply market

complexity to all suppliers (S1,S2,S3). This means that all three suppliers are in the “strategic” quadrant of the Kraljic matrix and that the purchased products are of great value to the purchasing organization. The information gathered from the suppliers show that Supplier 1 and Supplier 2 also believe that they are strategic suppliers for Company X. Here, the data gathered matches. With regards to Supplier 3, a slight difference emerges. The supplier is providing two different products to Company X, and the key account manager segments one product in the “non-critical” quadrant, the other product is a strategic item.

Company X uses their own segmentation pyramid to categorize suppliers. The three suppliers are all at the top of the pyramid in the category of the preferred supplier.

5.2.2 Customer segmentation: Company X is a preferred customer for all three suppliers and the top three benefits Company X receives

In practice, the three suppliers are using different segmentation methods. However, from all these methods it becomes clear that Company X is an important customer for all of them. Supplier 1 describes Company X as being “priority number one,” and Supplier 3 categorized Company X as an “A-customer.” With regards to the pyramid of preferred customership, all three suppliers position Company X as a preferred customer at the top of the pyramid. The data gathered from the buyer of Company X match this position. There are some benefits Company X receives from being in this position. The top three benefits the suppliers provide are the sharing of information and knowledge, engineering and R&D services and special services. Special services include warranty agreements and service guarantees, investigation reports for returns, documentations, and certifications as well as safety guarantees and emergency response offices.

5.2.3 Segmentation has a positive impact on supplier satisfaction

Overall, the three suppliers (S1,S2,S3) all state that they are satisfied with the business relationship with Company X. This satisfaction is related to the segmentation. Since most of the products the suppliers are providing are strategic items, Company X is has a close relationship with them. The company gives the suppliers the position of the “preferred supplier” and is willing to take actions to satisfy them. These activities include training programs and willingness to pay early are among those actions. Furthermore, the preferred position can also be found again when looking at customer segmentation. All three suppliers categorize Company X as a preferred customer. A conclusion drawn from this is that the exchange relationships between the supplying companies and Company X is based on mutual preference that leads to the satisfaction of both parties.

Looking at the special case of Supplier 3 and their product that falls into the category of non-critical items, a different impression is made. Supplier 3 is less satisfied with the business relationship regarding this product. A factor that is decreasing satisfaction is the treatment of this product as a commodity by the buyer. The supplier sees the product as highly technical and is therefore displeased with the behavior of the buyer and the assignment to this segment.

5.3 The impact of Company X's high status on supplier satisfaction

To recap, status can be described as “the prestige accorded to firms because of the hierarchical positions they occupy in a social structure” (Jensen & Roy, 2008, p. 496). In the course of this project, the three suppliers have been asked whether they think

that Company X is admired and highly regarded by others and if it has high prestige. The answer to these elements determines whether the status of Company X is perceived as being high or low. Furthermore, suppliers were asked what impact Company X’s status has on their organization.

The three suppliers all see Company X as a company that has a high status. Company X is seen as a company that has high prestige and is admired and highly regarded by others. According to one of the suppliers, companies are generally happy to work with Company X. Supplier 1 and Supplier 3 further state that the high status of Company X has a positive impact on them. This stands in connection to one of the functions of status, namely status as a mobile resource. The transferability of high status of Company X onto Supplier 1 and Supplier 3 has a positive effect on the satisfaction of the supplier. Supplier 2’s opinion, however, differs. The key account manager states that the status of a firm is helpful for a supplier to position themselves in the market, but this is seen as a baseline of the exchange relationship. Company Xs high status does not have a positive impact on supplier satisfaction in this case. Here, status can be seen as a factor of customer attraction that helps a supplier to build an exchange relationship with customers.

From these findings, no clear conclusion about the effect of status on supplier satisfaction can we drawn. The data collected from the three suppliers differed. Two suppliers think that the high status of Company X has a positive effect on their company, the third supplier disagrees with this statement

6. CONCLUSION: ANTECEDENTS FOUND IN LITERATURE ARE COMPARABLE TO FINDINGS OF THE CASE STUDY, SEGMENTATION HAS A POSITIVE IMPACT ON SUPPLIER SATISFACTION, AND THE INFLUENCE OF STATUS IS NOT CLEAR

Through the executed case study in connection with company X and three suppliers, qualitative data was collected. This data was further used to answer the research question posed at the beginning of the study.

A variety of antecedents of supplier satisfaction have been found that can be categorized into relational/communicational factors and economic elements that positively influence supplier satisfaction. An extensive list of these components can be found in the appendix which then further answers the first research question. Many of the antecedents found in literature were similar or the same as the ones discovered in the case study. Antecedents of supplier satisfaction that appeared in scientific research as well as in the case study can be categorized into two groups: relational/communicational factors and economic elements. Relational/communicational antecedents found are information sharing, early supplier involvement, forecasting/planning, openness, trust and feedback and the establishment of an efficient manner interaction between buyer and supplier. Economic factors found are profitability and business continuity, growth opportunity and capital- specific supplier development. Factors that were dissimilar from scientific literature, but still relevant for the satisfaction of suppliers are “appreciation of the technology of a products” and other case-specific economic factors.

The second research question asked how segmentation has an influence of supplier satisfaction. As shown before, segmentation can be divided into supplier and customer segmentation. With regards to the Kraljic matrix, all suppliers are categorized into

the strategic quadrant. Therefore, Company X has a close relationship with the supplying companies and efforts are made to satisfy supplier of the strategic items. The company and the three key suppliers give each other a preferred position, either as a preferred supplier or as a preferred customer. This shows that the relationship is based on mutual preference that leads to satisfaction of both the buyer and the supplier. An exception is the non-critical product of one of the suppliers. Here, satisfaction is reduced since price negotiations are perceived as unfair, and the technical product is treated as a commodity. Therefore it can be said that different segments in the Kraljic matrix and the purchasing strategy connected to them have different impacts on supplier satisfaction.

Lastly, the third research question deals with the influence of status on supplier satisfaction. Overall, all three suppliers perceive Company X as a company and brand with a high status. However, a clear conclusion about the influence on supplier satisfaction cannot be made. Two suppliers state that the high status has a positive effect on the status of their companies, the third one disagrees with this statement and sees a high status as a baseline and possible factor of attraction.

With regards to the theoretical contribution, this project explored antecedents in the field of supplier satisfaction by collecting qualitative data. Literature exploring this area or research is mostly based on quantitative data. A comparison of the findings was made which showed that some of these antecedents found in literature also appeared during the case study. Therefore, the qualitative data from the case study confirms the antecedents of literature that were mostly discovered through quantitative research. Additionally, a connection between segmentation and supplier satisfaction was found. The category, the buyer, assigns to the supplier influences the buyer's behavior. If the supplier is of high strategic importance and the complexity of the market is also high, the buyer strives towards having a good exchange relationship with the supplier and further takes actions to achieve supplier satisfaction.

Looking at practical contributions, the buying company involved in this project can study the factors of satisfaction and dissatisfaction of the suppliers. Actions can then further be taken to strengthen the elements that cause satisfaction or eliminate the factors that cause dissatisfaction. These measures may then lead to an improved exchange-relationship. Furthermore, the buying company learns from this project which position it has with the suppliers and which status. This knowledge may also help with improving the company's purchasing strategy.

7. LIMITATIONS IN THE AREAS OF SAMPLE SIZE AND SUPPLIER SELECTION AND FURTHER RESEARCH CONNECTED TO COMPANY SIZE AND STATUS

There are a few limitations to the outcomes of this study. Since this case study was conducted in cooperation with only one buying firm and three suppliers, the results of this study aren't feasible to produce generalized assumptions. This means that external validity is lacking. The results can only confirm findings that have already been discovered in academic research, but they fail to proof new findings. For this, further research needs to be conducted. Another point that influences validity is the selection of suppliers. All three of them are categorized as strategic suppliers which leaves little room for comparison between the levels of supplier satisfaction of different segments. The results, therefore, might be biased. To gain better insight, interviews with suppliers from different categories of the Kraljic matrix might be helpful.

Large enterprises employ 250 persons or more (Eurostat, 2017). This is true for all participating companies of this case studies which therefore makes them large enterprises. It might be interesting to research whether there are different results when conducting this case study with small and medium sized companies. The antecedents for supplier satisfaction may differ as well as the impact of segmentation and status. Looking at the impact that status has on satisfaction, this paper could not give a clear conclusion. However, one of the suppliers suggested that the status of a firm is a baseline for an exchange relationship. With the cycle of preferred customership, status might not have an influence on supplier satisfaction here, but it may be an antecedent of customer attractiveness and an influential factor for the relationship initiation. Further research needs to be conducted on this topic.

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9. APPENDIX

Appendix 1: Antecedents of supplier satisfaction from scientific literature

Relational/ Communicational factors	Economic factors
<ul style="list-style-type: none"> - develop a co-operative culture with the supplier - commit to satisfying the needs of their supplier - establish an effective way to of interaction with the supplier 	<ul style="list-style-type: none"> - Profitability - business continuity
<ul style="list-style-type: none"> - early information sharing 	<ul style="list-style-type: none"> - capital- specific supplier development
<ul style="list-style-type: none"> - agreements, - early supplier involvement 	<ul style="list-style-type: none"> - the possibility of increased earnings - realization of cross-selling
<ul style="list-style-type: none"> - forecasting/planning, - roles and responsibilities, - openness and trust, - feedback and - ‘the company’ values 	
<ul style="list-style-type: none"> - sharing information - joint efforts 	
<ul style="list-style-type: none"> - growth opportunity, - reliability and - relational behavior 	

Appendix 2: Factors leading to supplier satisfaction established from the case studies

Company	Relational/ communicational	Economic
Company X	<ul style="list-style-type: none"> - Consistent purchasing staff - Willingness to pay early 	<ul style="list-style-type: none"> - Fair negotiation tactics - Trainings to improve business processes and quality
Supplier 1	<ul style="list-style-type: none"> - Good communication with clear rules and statements and open discussions 	<ul style="list-style-type: none"> - Turnover - Trainings to improve business processes and quality - Fair negotiation tactics - Efficient administration of paperwork - Alignment of quality standard to EU standards - Optimization of the purchasing software use
Supplier 2	<ul style="list-style-type: none"> - fast feedback on both sides - sharing of business expectations - clear communication - sharing of strategic plans and ideas for cooperation - honesty about the scope of the project - early supplier involvement - Good forecast and production planning 	<ul style="list-style-type: none"> - Turnover - Amount of business the company can get - potential growth
Supplier 3	<ul style="list-style-type: none"> - cooperation and partnership - regular contact - information sharing - communication of strategic approaches - open communication and open partnership - appreciation of products 	<ul style="list-style-type: none"> - Fair negotiation tactics - Sales volume - Turnover

Appendix 3: Interview question for one buyer from Company X and three suppliers

Interview for Purchasers

About the purchaser

1. What is your position?
2. How long have you worked in this position?
3. How did you get to this position?
 - a. Did you have another position beforehand?
4. How long have you worked for this company?
5. What do you do on a daily basis?
 - a. Describe a “normal” day or week
6. What is your educational background?

About the Product/ The supplier

1. What exactly is the product that you are purchasing from the supplier?
2. For how long have you been buying it from these suppliers?
3. Are you always in contact with the same person? For how long are you in contact with the same person?

Classification

1. Do you classify the relationship you have with suppliers?
 - a. If so, how?
 - b. Do you use a matrix or another theoretical concept? Which one? How long have you been using it?
2. Do you have indications that the suppliers are doing the same with you?
 - a. If so, how do you know?
 - b. Did you talk to the supplier?
3. Is there management commitment to achieving supplier satisfaction (besides paying a premium)?
 - a. If so, which suppliers do you try to satisfy the most, for which suppliers do you particularly focus on satisfaction?
 - b. Which actions are taken?
4. Do you have more than one supplier for the commodity/service?
5. How uncertain is the commodity market of these suppliers? (Kraljic Matrix)
 - a. Can you easily replace them?
 - b. Can you substitute their products for a product of another supplier?
6. What is the strategic importance of this commodity for your organization?
 - a. Is this product crucial for the production of yours? (Kraljic Matrix)
 - b. Does the purchase of this product have a high financial impact?

- c. Does the product of the supplier add a high amount of value to your product?
- 7. Why did you choose your current suppliers over others?
 - a. (Quality reasons, Reliability, Lead time, Price, Others..)
- 8. Would you classify your supplier as competitive?
 - a. What makes them competitive? (in terms of technology)
 - b. Would you describe the supplier as innovative?

Benefits

- 9. Do you notice shorter lead times, influences on the purchasing prices, better access to innovative capabilities and shared development projects?
 - a. Can you name a specific example (situation)
 - b. (exploration by the interviewer in order to write a mini-case)
- 10. Which other benefits do you notice from satisfying your suppliers/having a preferred customer status? (pyramid)
- 11. Which benefits do you need to pay for and which are offered to you for free?
- 12. Are you offered benefits other companies are not?
 - a. If so, which are those?
 - b. How do you know?
- 13. What are benefits that are for free and not all customer of the supplier receive?
 - a. (Combination of the questions above)
 - b. Name 3 for each supplier

Antecedents

- 14. Are there other actions you did not undertake that could have helped in reaching supplier satisfaction/a preferred customer status?
- 15. Are there measures that are planned to be undertaken to satisfy other suppliers/become a preferred customer of other suppliers?
- 16. Is your company able to provide supplier satisfaction with important suppliers in exchange relationships? Which factors induce satisfaction in these relationships?
- 17. Which factors cause dissatisfaction?

Questionnaire for suppliers

About the seller

1. What is your position?
2. How long have you worked in this position?
3. How did you get to this position?
 - a. Did you have another position beforehand?
4. How long have you worked for this company?
5. What do you do on a daily basis?
 - a. Describe a “normal” day or week
6. What is your educational background?

About the Product/ The supplier

1. What exactly is the product that you are selling to Company X?
2. For how long have you been supplying it to Company X?
3. Are you always in contact with the same person? For how long are you in contact with the same person?

Classification

1. What status does Company X have to you? How do you define the status of Company X?
2. Do you think that Company X is a company that is admired by others?
3. Do you think that Company X is a company that has high prestige?
4. Do you think that Company X is highly regarded by others?
5. Do you think that the status of a company has a positive/negative effect on the company you are working for?
 - a. If so, how?
6. Do you think that the status of Company X has an effect on your company?
7. Does the high status of a company have an impact on your satisfaction with this company?
 - a. Are you more satisfied with them?
8. Do you assign different status types to customers? (e.g. preferred...) Which status types do you assign?
 - a. Preferred, a little preferred, standard?
 - b. What kind of dimensions do you use?
9. Do you assign a preferred customer status to a customer company
 - a. as a whole,
 - b. or to different establishments/departments or sub-branches of this company separately? (refer to size of the buyer)

10. Have you assigned a preferred customer status to Company X?
11. Where would you put yourself in the Kralijc Matrix?

Benefits

12. How do the status types influence your behavior towards customers?
13. What benefits do you offer to a preferred customer?
 - a. Benefits that not all customers receive and that you offer them free of charge
 - b. Name 3, if possible
14. How would you define supplier satisfaction in general?
15. What elements do supplier (your) satisfaction include for you?
16. Can you even be more satisfied than you are now with the buyer?

Antecedents

17. Are you satisfied with the business relationship with Company X?
 - a. What factors are affecting your satisfaction?
 - b. Do you notice any actions Company X specifically takes to increase your satisfaction?
18. What factors are affecting your dissatisfaction in this relationship?
 - a. Is there a case where you have been dissatisfied?
 - b. What were the causes?
19. What are your company's motivations for giving Company X a preferred customer status?
 - a. What did Company X do to achieve the status?
20. Is Company X aware of their status?
 - a. Do you let your preferred customers know their status?
 - b. Why/Why not?
21. What are measures that customer must undertake to achieve the satisfaction of your company /you as a seller and what is the necessary behavior they must show? (Related to future)
22. What do customers generally do to achieve the satisfaction of your company (supplier satisfaction)?
 - a. Does this differ from the behavior you would like them to show?